

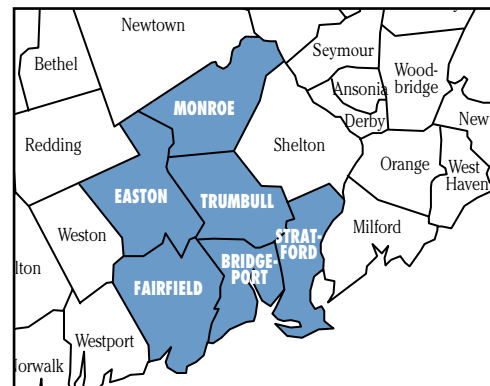
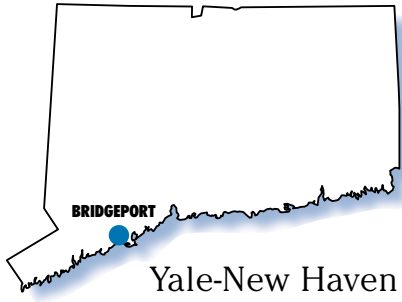
BRIDGEPORT HOSPITAL

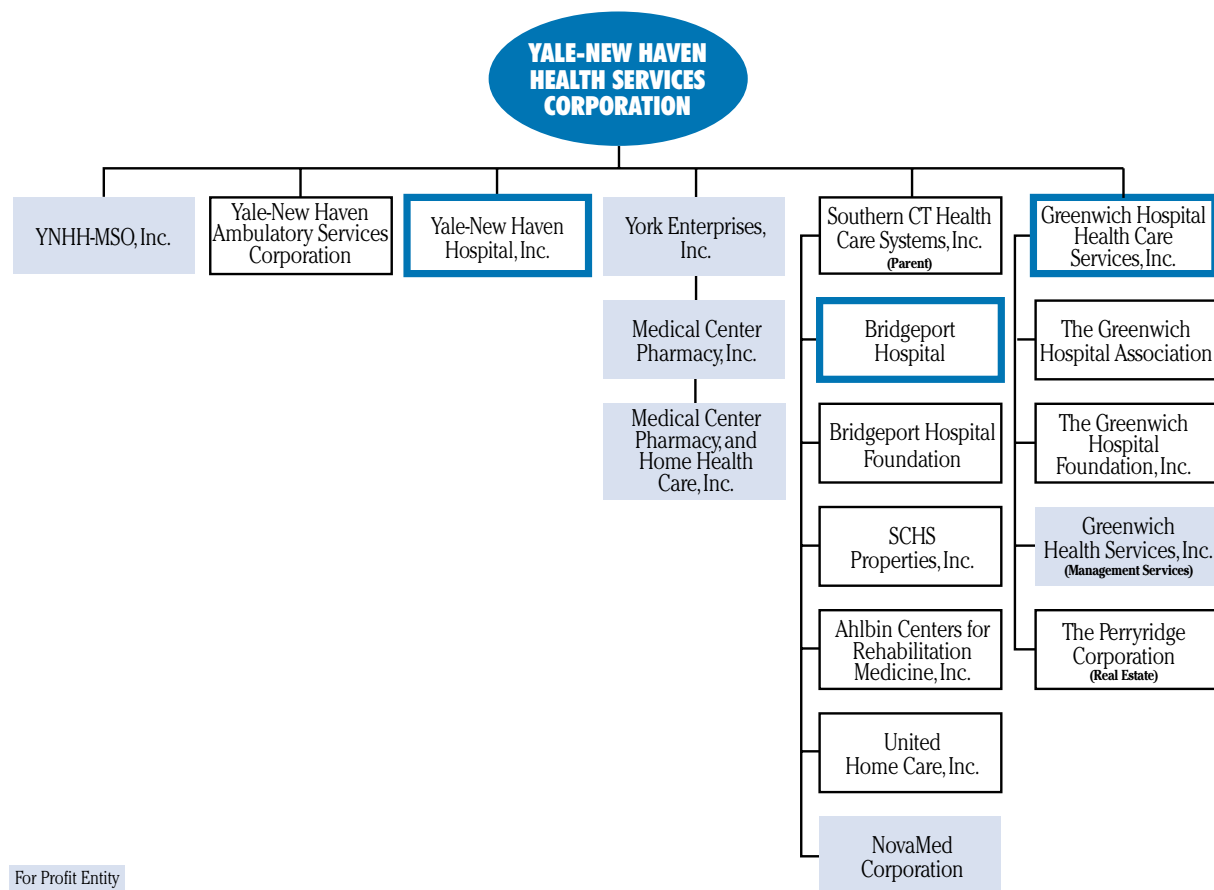
Bridgeport Hospital, founded in 1878, is located in Bridgeport and, in addition to that city, primarily serves five other towns in Fairfield County. In FY 1999, the hospital staffed

350 of its 425 licensed beds and was Bridgeport's largest private employer with 1,687 Full Time Equivalents.

Bridgeport Hospital is an affiliate of the

Yale-New Haven Health System. The hospital's average age of plant is 9.4 years as compared to the U.S. average of 9.2 years.



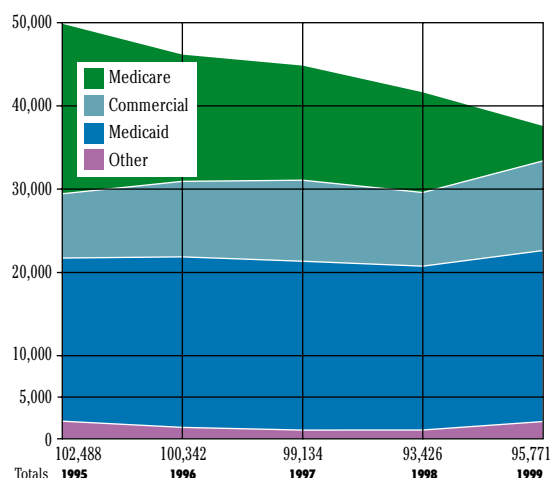
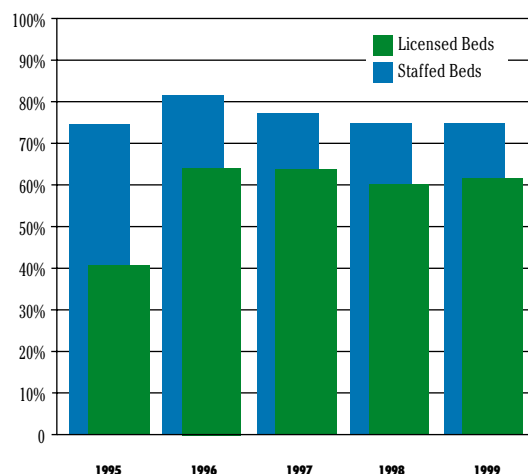
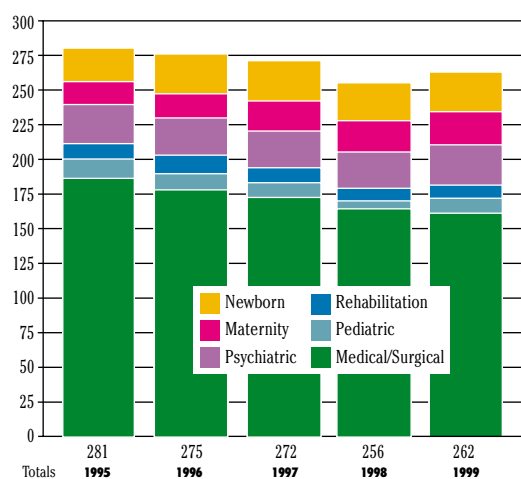
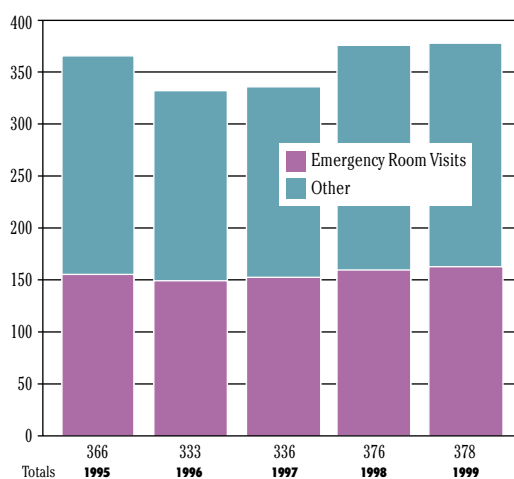
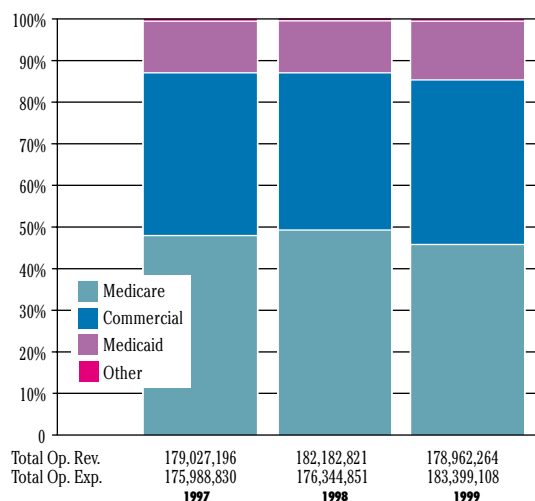


MARGINS	1997	1998	1999
Total margin	3.60%	4.61%	-1.18%
Operating margin	1.66%	3.16%	-2.45%

PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.60	.57	.54
Medicare Payment to Cost	1.08	.80	1.01
Medicaid Payment to Cost	.65	.66	.71
Private Payment to Cost	1.12	1.07	1.09
Uncompensated Care Cost	\$4,975,709	\$4,941,062	\$5,869,524
Total expenses	\$175,988,830	\$176,344,851	\$183,399,108
Uncompensated care % of total expenses	2.83%	2.80%	3.20%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	30.30%	32.60%	34.24%
Debt service coverage	2.83	2.96	2.24

LIQUIDITY MEASURES			
Days of expenses in accounts payable	69.44	73.91	79.63
Days cash on hand	47.47	46.99	17.40
Days of revenue in accounts receivable	57.11	57.00	82.88

**PATIENT DAYS BY PAYER****AVERAGE OCCUPANCY****AVERAGE DAILY CENSUS BY SERVICE****AVERAGE DAILY OUTPATIENTS****NET PATIENT REVENUE BY PAYER**

KEY PERFORMANCE DRIVERS

- ◆ Bridgeport Hospital competes with St.Vincent's Medical Center for patient volume as well as labor resources.
- ◆ Bridgeport Hospital has not seen predicted volume declines. High volume combined with the nursing shortage led to staffing challenges on some of the units. Management implemented a 1:6 nurse-to-patient ratio on all units.
- ◆ While Bridgeport Hospital received 12.5 million in Disproportionate Share Payments in 1999, Medicaid represents a high 14 percent of gross charges, and pays about 65 percent of cost. Medicaid payment is a major driver of Bridgeport's performance.
- ◆ Through its affiliation with Yale New Haven Health System, the hospital has achieved economies of scale via group purchasing, shared systems and contracting leverage.
- ◆ The hospital's management and governance have implemented a number of cost reduction initiatives. The concern going forward is that few opportunities remain for further cost reduction.
- ◆ As operating margins decline, the hospital looks to other sources for capital investment. In 1999, the hospital transferred \$8 million from its foundation to use for its master facility plan.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Affiliation. The relationship between Bridgeport and Yale New Haven Health System was structured as an affiliation which gives Yale authority over major decisions but is not a full asset merger. Bridgeport believes the relationship is beneficial to both parties.

Payment Sources. Low Medicaid payment rates affect Bridgeport more significantly than most Connecticut hospitals, because it represents a higher percent of gross charges. In addition, account receivable trends indicate the timeliness of managed care payment is increasingly problematic.

Community Services. The continuation of certain beneficial but unprofitable services (i.e., outpatient primary care, community needs assessments) is threatened by declining reimbursement and, ultimately, shrinking margins.

Employee Relations. Employees at Bridgeport are frustrated with understaffing, especially as the nursing shortage impacts clinical areas. Management must continue to focus efforts on communication with employees at all levels.

Information Technology. Despite the hospital's commitment to invest in information systems, management, physicians, and employees would prefer to see additional future commitments.